

# House Bill 3049

Sponsored by Representative RICHARDSON

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires public employers to withhold from wages and salaries of public employees percentage of employer contribution to benefit plan for which no employee contribution is required. Specifies that amount withheld is considered salary for purposes of retirement and pension benefits but is not taxable under state income tax or, as permitted by federal law, Social Security and federal income tax. Applies prospectively to collective bargaining agreements.

## A BILL FOR AN ACT

1  
2 Relating to public employees; and providing for revenue raising that requires approval by a three-  
3 fifths majority.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. (1) As used in this section:**

6 (a) **“Benefit plan” means a life insurance contract or a health benefit plan covering**  
7 **medical, dental or vision benefits.**

8 (b) **“Eligible employee” has the meaning given that term in ORS 243.105.**

9 (c) **“Employer contribution” means the cost of the premium for a benefit plan if the cost**  
10 **is paid in full by the state without any payment by the eligible employee toward the cost.**

11 (d) **“Tier one employee” mean an eligible employee whose annual salary or wages are less**  
12 **than \$31,000.**

13 (e) **“Tier two employee” means:**

14 (A) **An eligible employee whose annual salary or wages are equal to or greater than**  
15 **\$31,000; or**

16 (B) **A member of the Legislative Assembly.**

17 (2) **For an eligible employee who is not required to contribute toward the cost of a benefit**  
18 **plan covering the employee or a member of the employee’s family, the payroll disbursing**  
19 **officer shall withhold monthly from the employee’s salary or wages an amount calculated in**  
20 **accordance with subsection (3) of this section, which shall be paid into the General Fund.**

21 (3) **The amount withheld monthly from an eligible employee’s salary or wages under**  
22 **subsection (2) of this section shall be calculated based on the total employer contributions**  
23 **made for that month on behalf of the employee toward all benefit plans and shall equal:**

24 (a) **For each tier one employee:**

25 (A) **For the fiscal year beginning July 1, 2011, seven percent of the total employer con-**  
26 **tributions made on behalf of the employee each month;**

27 (B) **For the fiscal year beginning July 1, 2012, nine percent of the total employer contri-**  
28 **butions made on behalf of the employee each month;**

29 (C) **For the fiscal year beginning July 1, 2013, 11 percent of the total employer contribu-**  
30 **tions made on behalf of the employee each month; and**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (D) For the fiscal year beginning July 1, 2014, and each fiscal year thereafter, 13 percent  
2 of the total employer contributions made on behalf of the employee each month.

3 (b) For each tier two employee:

4 (A) For the fiscal year beginning July 1, 2011, nine percent of the total employer contri-  
5 butions made on behalf of the employee each month;

6 (B) For the fiscal year beginning July 1, 2012, 11 percent of the total employer contribu-  
7 tions made on behalf of the employee each month;

8 (C) For the fiscal year beginning July 1, 2013, 13 percent of the total employer contribu-  
9 tions made on behalf of the employee each month; and

10 (D) For the fiscal year beginning July 1, 2014, and each fiscal year thereafter, 15 percent  
11 of the total employer contributions made on behalf of the employee each month.

12 (4) For each fiscal year beginning on or after July 1, 2011, the amount of salary or wages  
13 that defines tier one and tier two employees shall be adjusted by the percentage increase or  
14 decrease in the cost of living from the previous fiscal year based on the U.S. City Average  
15 Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of  
16 Labor Statistics of the United States Department of Labor.

17 (5) The amount withheld under this section from an eligible employee's salary or wages  
18 shall continue to be included as regular salary or wages for the purpose of computing the  
19 retirement and pension benefits earned by the employee, but that amount may not be con-  
20 sidered current taxable income for the purpose of computing state income taxes withheld on  
21 behalf of the employee or, to the extent permitted by federal law, for the purpose of com-  
22 puting Social Security taxes or federal income taxes withheld on behalf of the employee.

23 **SECTION 2.** (1) For eligible employees in a collective bargaining unit, section 1 of this  
24 2011 Act applies to collective bargaining agreements entered into on or after the effective  
25 date of this 2011 Act.

26 (2) For all other eligible employees, section 1 of this 2011 Act applies to payments of  
27 salary or wages that are made on or after a date that is one month after the effective date  
28 of this 2011 Act.

29 (3) As used in this section, "eligible employees" has the meaning given that term in sec-  
30 tion 1 of this 2011 Act.

31